

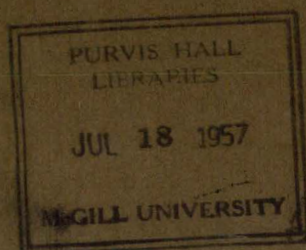
ANNUAL REPORT

— OF THE —

CANADIAN NATIONAL RAILWAY
SYSTEM

FOR THE YEAR ENDED DECEMBER 31, 1938

McGill University
School of Commerce
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H. J. SYMINGTON, K.C., MONTREAL.

B. L. DALY, MONTREAL.

R. J. MOFFAT, BRADWELL, SASK.

*RESIGNED FEBRUARY 15, 1939.

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ASSISTANT TO PRESIDENT	M. A. METCALF.....	MONTREAL
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GENERAL MANAGER, CENTRAL VERMONT RAILWAY.....	H. A. CARSON.....	ST. ALBANS
CHIEF ENGINEER, OPERATION.....	C. B. BROWN.....	MONTREAL
CHIEF ENGINEER, CONSTRUCTION.....	C. S. GZOWSKI.....	MONTREAL
CHIEF OF MOTIVE POWER AND CAR EQUIPMENT.....	J. ROBERTS.....	MONTREAL
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ACTING CHIEF COUNSEL.....	E. E. FAIRWEATHER, K.C.....	MONTREAL
GENERAL COUNSEL.....	R. H. M. TEMPLE, K.C.....	MONTREAL
COMMISSION COUNSEL.....	I. C. RAND, K.C.....	MONTREAL
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CANADIAN NATIONAL TELEGRAPHS		
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GENERAL MANAGER.....	J. VAN WYCK.....	OTTAWA
RESEARCH AND DEVELOPMENT DEPARTMENT		
CHIEF OF RESEARCH AND DEVELOPMENT.....	S. W. FAIRWEATHER.....	MONTREAL
GENERAL PUBLICITY DEPARTMENT		
DIRECTOR.....	W. S. THOMPSON.....	MONTREAL
DEPARTMENT OF PERSONNEL		
CHIEF OF PERSONNEL.....	A. J. HILLS.....	MONTREAL
SLEEPING AND DINING CAR DEPARTMENT		
GENERAL SUPERINTENDENT.....	W. W. SWINDEN.....	MONTREAL
INDUSTRIAL DEPARTMENT		
ACTING MANAGER.....	C. S. GZOWSKI.....	MONTREAL
COLONIZATION AND AGRICULTURE DEPARTMENT		
DIRECTOR.....	J. S. MCGOWAN.....	MONTREAL
MEDICAL DEPARTMENT		
CHIEF MEDICAL OFFICER.....	DR. J. MCCOMBE.....	MONTREAL
INVESTIGATION DEPARTMENT		
DIRECTOR.....	G. A. SHEA.....	MONTREAL
LAND AND PROPERTY DEPARTMENT		
ADMINISTRATOR.....	L. C. GROOM.....	MONTREAL
EUROPEAN MANAGER.....	P. A. CLEWS.....	LONDON
EUROPEAN SECRETARY AND TREASURER.....	A. H. CONEYBEARE.....	LONDON

CANADIAN NATIONAL RAILWAYS

Montreal, March 20, 1939.

The Honourable C. D. Howe, M.P.,
Minister of Transport,
Ottawa.

Sir,

In conformity with sections 14 and 15 of *The Canadian National-Canadian Pacific Act, 1936*, the Board of Directors submits the following report of the operations of the Canadian National Railways for the calendar year 1938.

RESULT OF OPERATIONS

	1938	1937	Increase or Decrease
Operating Revenues.....	\$182,241,722.93	\$198,396,608.61	\$ 16,154,885.68
Operating Expenses.....	176,175,311.78	180,788,858.09	4,613,546.31
Net Operating Revenue.....	\$ 6,066,411.15	\$ 17,607,750.52	\$ 11,541,339.37
Operating Ratio.....	96.67%	91.12%	
Net of Other Income and Profit and Loss Requirements.....	\$ 9,615,459.68	\$ 9,320,522.24	294,937.44
Net Available for Interest.....	\$ 3,549,048.53	\$ 8,287,228.28	\$ 11,836,276.81
Interest on Funded Debt held by Public.....	49,839,022.58	48,888,545.56	950,477.02
Interest on Government Loans.....	926,124.86	1,744,550.71	818,425.85
Cash Deficit.....	\$ 54,314,195.97	\$ 42,345,867.99	\$ 11,968,327.98

Operating Revenues

The decline in general business activity in the latter part of 1937, as referred to in the report for that year, continued throughout the greater part of 1938 with its inevitable reaction on railway revenues. The effect was most marked on the lines of the Company in the United States, the revenues of which declined 23% as compared with a decline of 5% on the lines in Canada, the latter in turn being adversely affected by a decrease in international traffic.

Gross operating revenues totalled \$182,241,723, a decrease of \$16,154,886, or 8.14%, from the preceding year. During the first nine months of the year the reduction was \$15,737,865, and in the last quarter, \$417,021, indicating the traffic trend during the year. The increased grain movement contributed to check the decline in revenue in the last quarter.

Freight revenues decreased by \$14,026,556, or 9.1%. A statement of revenue tonnage appears on pages 24 and 25. System grain tonnage increased by 1,446,850 tons, or 40.5%. There were no major freight rate changes during the year in Canada. In the United States the Interstate Commerce Commission authorized a general increase in freight rates of approximately 7%, effective March 28, 1938. The Board of Transport Commissioners for Canada authorized the application of these increases in connection with international traffic.

Passenger revenues decreased by \$847,918, or 4.5%. In Canada coach excursion rates were increased by 25% during the year and in the United States coach class mileage rates were increased from 2 cents to 2.5 cents per mile in the eastern territory, this latter change also affecting certain Canadian rates.

Express revenue decreased \$535,280, or 5.7%; Commercial Telegraph revenue decreased \$411,981, or 8.4%; Switching revenue decreased \$432,562, or 17.6%.

Operating Expenses

The operating expenses for the year totalled \$176,175,312. This is a decrease of \$4,613,546 or 2.55% as compared with 1937. A summary of operating expenses will be found on page 14 and details on pages 15 to 17.

The decrease in expenses was effected notwithstanding increases in wage costs due to the restoration of basic wages in Canada and to wage increases in the United States, reference to which was made in the 1937 report. These wage increases affected the 1938 expenses as compared with 1937 by \$6,082,000. Another factor affecting the expenses was an increase in the price of materials, which amounted to \$900,000. Apart from these features, there was a reduction in operating expenses of \$11,600,000 as compared with the previous year. This was effected by a policy of holding operating expenses to a minimum, consistent with efficiency of operation and the provision of needed services.

During the first quarter of the year motive power and car shops were operated on a basis which would ensure an adequate supply of serviceable equipment to meet anticipated heavier transportation needs, particularly in connection with Western grain traffic. Subsequently, and concurrently with the decline which developed in Eastern and International traffic, maintenance of equipment forces throughout the system were reduced approximately 25%.

While Maintenance expenses have been kept to a minimum, the property and equipment is in good condition having regard to the volume of business to be handled.

Net of Other Income and Profit and Loss Requirements

The accounts under this group increased \$294,937 over 1937.

Taxes amounted to \$6,946,873 compared with \$6,697,242 in 1937. These figures are exclusive of sales tax added to the cost of materials, which amounted to \$3,150,000 as compared with \$4,200,000 in 1937.

The revenues from hotel operations increased \$98,875 over 1937, and after meeting operating expenses and taxes the net operating income was \$226,014, an increase of \$25,927 over 1937.

Net equipment rentals payable by the Company decreased \$575,000.

Loss on sale of the S.S. "Prince Henry" applicable to the expired service life of the vessel charged to income in 1938 amounted to \$668,195.

The cost of exchange increased \$493,000 over 1937.

Interest Charges

The total requirements for interest on funded debt held by the public in 1938 were \$49,839,023, as compared with \$48,888,546 for 1937, an increase of \$950,477.

Interest payments to the Government on temporary loans for capital purposes amounted to \$926,125, as compared with \$1,744,551 for 1937, a decrease of \$818,426.

The changes reflect the financing during the year which had for its object the refunding by public issues of Government temporary loans for capital purposes.

Cash Deficit

The net operating revenue for the year 1938 was \$6,066,411, a decrease of \$11,541,339 from the preceding year. After payment of all other charges, excepting charges to Proprietor's Equity under the provisions of *The Canadian National Railways Capital Revision Act, 1937*, as outlined on page 12, there was a deficit of \$54,314,196 as compared with \$42,345,868 in 1937.

CAPITAL EXPENDITURE ACCOUNT

The net expenditures on property investment account for the year 1938 amounted to \$10,798,792 made up as follows:

Rolling Stock purchased or built.....	\$11,233,216
Betterments to freight and passenger equipment.....	837,062
Air-conditioning passenger cars.....	761,659
Senneterre-Rouyn Branch Line.....	2,064,924
Vancouver Hotel.....	963,149
General Additions and Betterments, less Retirements.....	2,734,764
Equipment Retirements—Credit.....	7,795,982
	\$10,798,792

The Senneterre-Rouyn branch line authorized by Chapter 26, 1936 was formally opened for operation on December 3, 1938. It is anticipated that the opening of direct railway transportation to this rich mineralized section will be an important factor in further development of the area. As shown above \$2,064,924 was spent during the year, the total cost to December 31, 1938 being \$5,315,134.

The following rolling stock was purchased or built during the year: 8 Locomotives; 2,310 Box Cars; 25 Coal Cars; 61 Baggage Cars; 6 Dining Cars; 5 Mail and Express Cars; 1 Buffet Sleeping Car; 26 Snow Plows; and 11 Miscellaneous Work Units.

The following units of rolling stock were retired during the year: 50 locomotives; 5,383 freight train cars; 8 passenger train cars; and 300 work units. The cost of this equipment, less salvage (and less depreciation on units owned by United States Lines) was charged to operating expenses.

During the year 1938, 148 additional air-conditioned units were placed in service, the total number of such units at December 31, 1938 being 401. The programme for the year 1939 provides for an additional 92 units. Air-conditioned cars operated by the Pullman Company over Canadian National lines number 52.

FINANCE

Retirement of Obligations

Expenditures for the retirement of capital obligations, including sinking fund and equipment principal payments, amounted to \$9,035,275, which was financed from temporary loans from the Government.

New Issues

Under authority of the *Canadian National Railways Refunding Act, 1935*, and the *Financing and Guarantee Act, 1937*, an issue of Canadian National Railway Company Dominion Guaranteed Bonds was made dated December 15, 1937 and January 15, 1938, the proceeds therefrom being used to retire temporary loans for capital purposes made by the Government during the years 1932 to 1937. The entire issue was sold in January 1938. The issue comprised:

\$20,000,000 2% four-year bonds dated January 15, 1938; sold at 99% at an annual cost of 2.26%.
 \$30,000,000 3% thirteen-year bonds dated December 15, 1937; sold at 96.25% at an annual cost of 3.36%.

An issue of \$7,600,000 Canadian National Railways 2¾% Equipment Trust Certificates, Series "P" 1938 was made to provide for the payment of part of the purchase price of new equipment costing over \$10,000,000. The certificates, which mature serially in fifteen annual instalments, were sold at an average of 97.81%, the annual cost being 3.08%.

1938 Refunding Act

Under the provisions of the *Canadian National Railways Refunding Act, 1938*, temporary loans were received from the Dominion Government for retirement of the following issues:

Rail & River Coal Company 5% First Mortgage Bonds due April 1, 1938.....	\$ 916,000
Canadian National Railway Company 2% 3 Year Bonds due May 1, 1938.....	13,400,000
Canadian Northern Ontario Ry. Co. 3½% Debenture Stock due June 30, 1938.....	6,725,485
	\$21,041,485

These temporary loans were repaid to the Government from the proceeds of a 2¼% and 3% Bond Issue dated January 15, 1939.

GENERAL

Pension and Social Security Plans

The total number of pensioners at December 31, 1938, under Canadian National pension plans totalled 6,913 as compared with 6,287 at December 31, 1937. Employees pensioned during the year numbered 991 and 365 pensioners died. Pension costs to the railway under the various pension plans in effect were \$4,159,798 in 1938 as compared with \$3,993,734 in 1937.

Under the United States Railroad Retirement Act and the Carriers' Taxing Act the tax payable (equal to 2¾% of employees' compensation) in respect of system operations in the United States for the year 1938 amounted to \$461,000 as compared with \$515,000 in 1937.

The cost to the National System under United States Federal and State legislation dealing with unemployment insurance and old age benefits other than covered by the Railroad Retirement Plan amounted to \$595,000 in 1938 as compared with \$459,000 in 1937.

Trans-Canada Air Lines

During the year additional calls aggregating 47% or \$2,350,000 on the capital stock (\$5,000,000) of Trans-Canada Air Lines were met by the Canadian National Railway Company. To December 31, 1938, the amount subscribed was \$3,200,000.

Unemployment Relief Expenditures

Under the Dominion Government Work Relief Programme whereby among other things provision was made for financing of necessary construction with respect to highway crossing protection and other railway projects deferred under present conditions, several projects were undertaken by the Company wholly or partly at the expense of the Government. The more important of these projects involved subway construction at Montreal, St. Hyacinthe and Toronto, an overhead bridge at Prince Albert and a new station at Saskatoon.

Cartage Service

Effective February 1, 1938, the Company commenced operation of its own freight cartage services at Montreal and St. Hyacinthe, Que., and Brantford, Guelph and London, Ont., these services having previously been operated by outside contractors. This change has been well received by the shipping public and has resulted in economies.

Montreal Terminals

During the year a study was made of the Montreal Terminal project, work on which had been suspended for some years.

In such study the Directors gave consideration to the following factors:—

- (a) The necessity for rational coordination of passenger and freight terminals of the Canadian National in the interests of efficiency and economy.
- (b) The adverse effect, financial and otherwise, upon the operations of the Company through the continued use and maintenance of antiquated and uncoordinated terminal facilities inherited from predecessor companies.
- (c) The long-standing grade crossing problem in Montreal.
- (d) The effect upon the development and growth of the city, industrially and otherwise.
- (e) The provision of a satisfactory suburban service between South Shore communities and the centre of the city.
- (f) The amount of money already invested in the property standing idle.
- (g) The necessary developments in the light of present day conditions and requirements as well as future necessities, including eventually, if decided upon, a union terminal.
- (h) The pre-eminent suitability of the location of the central station for a union terminal demonstrated by exhaustive study of the situation by the Company's engineers as well as by a special independent study made by Sir Frederick Palmer, M. Inst. C.E., M.Am. Soc. C.E., who was engaged by the Dominion Government for the purpose.

The Directors therefore decided that the Company should proceed with the completion of the terminal by stages as conditions warrant, taking advantage of any favourable factors which may from time to time prevail for doing work which contributes to the eventual completion.

The Dominion Government has recognized the importance of this project as a means of relieving unemployment and has contributed to the cost of the work a portion of the funds voted by Parliament in its construction and rehabilitation appropriation, and tenders have been called and contracts placed for the construction of certain items of the work. Further progress is contingent upon the project being assisted as an unemployment relief measure to the extent of the direct labour content of the work performed.

Co-operation

With a view to expediting progress on co-operative measures between the Canadian National and the Canadian Pacific Railways a new committee termed the Vice Presidents' Joint Committee was formed during the year, consisting of Messrs. N. B. Walton, R. C. Vaughan and Alistair Fraser for the Canadian National and Messrs. D. C. Coleman, George Stephen and H. J. Humphrey for the Canadian Pacific.

The Canadian National section of the committee has made certain proposals looking to further co-operative measures including amongst others a proposal for the pooling of all competitive passenger traffic throughout the Dominion.

It has been agreed that subject to approval of the Board of Transport Commissioners the following additional lines of railway should be abandoned:

From	To	Province	Railway	Mileage
Arnprior	Eganville	Ontario	Can. Nat.	37.91
Portage La Prairie	Delta	Manitoba	Can. Nat.	14.53
Oakland	Cawdor	Manitoba	Can. Nat.	11.55
Muir	Gladstone	Manitoba	Can. Nat.	10.30
McGregor	Varco	Manitoba	Can. Pac.	54.41
Hallboro	Beulah	Manitoba	Can. Nat.	75.19
Hamiota	Miniota	Manitoba	Can. Pac.	19.80
Trelle	Morinville	Alberta	Can. Nat.	12.21
Carbondale	Egremont	Alberta	N. A. Rys.	29.76

With regard to the 637 miles previously approved for abandonment, progress has been made in the development of the necessary agreements between the two railways. In the case of the Canadian National line between Middleton and Bridgetown in Nova Scotia and the Canadian Pacific line between Linwood and Listowel in Ontario, with respect to which agreements have been executed, applications for approval of the abandonments have been made to the Board of Transport Commissioners, but decisions have not yet been given by that body.

Vancouver Hotel

The agreement covering the joint operation of the new Canadian National hotel at Vancouver was completed on July 28, 1938. The Vancouver Hotel Company Limited was incorporated under date of October 4, 1938, with an authorized capital stock of \$500,000, to be held in equal portions by the Canadian Pacific and Canadian National. The opening date of the new hotel, which will be known as the "Hotel Vancouver," has been set for May 25, 1939.

Property Abandonments

With a view to accomplishing economies in operation wherever compatible with adequate service to the public, examinations were continued into the possibility of abandonment of light traffic branch lines. During the year 1938 authority for abandonment was received from the Board of Transport Commissioners for the following lines:

From	To	Province	Mileage
Dombourg	St. Marc	Quebec	22.25
La Jemerais	Mont Mills	Quebec	6.04
Farnham	Frelighsburg	Quebec	17.90
Twin City Junction	Mackies	Ontario	35.40
James Bay Junction	Otter Lake	Ontario	2.86

In addition to the foregoing, authority was given by the Interstate Commerce Commission to abandon 25.76 miles from Cambridge Junction to Essex Junction in the State of Vermont, forming part of the Central Vermont Railway.

General Outlook

The reduction in railway revenues for 1938 marks the first set-back from the slow but steady annual increase since 1933.

The situation in 1938 was not peculiar to Canada. In the United States the railroads suffered one of the worst years in the history of transportation. In Great Britain the slump in railway revenues gave much concern to railway management in that country and was the subject of appeal to the British Minister of Transport with particular reference to necessity for equality in competition in the transportation field.

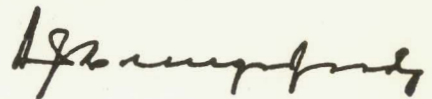
While the decline in business in 1938 was a continuance of the general recession which started in the latter part of 1937, the prospects for 1939 are more favourable since there is indication that the improvement in conditions experienced late in 1938 will continue. The influence of the present improvement in the United States will also be felt by the Canadian National Railways.

OBITUARY

Record is made with deep regret of the following deaths during 1938: Hon. C. P. Fullerton, K.C., former Chairman of the Board of Trustees, died October 5, 1938; Mr. D. B. Hanna, first President of the Canadian National Railways, died December 1, 1938.

Acknowledgment is made of the loyal and efficient service rendered by officers and employees and of the patronage extended to the Canadian National Railways by the public during the year 1938.

For the Board of Directors,



Chairman.

CONSOLIDATED BALANCE SHEET

ASSETS			
INVESTMENTS:			
Investment in Road and Equipment	\$1,856,468,591.53		
Improvements on Leased Railway Property	4,300,970.25		
Miscellaneous Physical Property	61,614,510.61	\$1,922,384,072.39	
Sinking Funds:			
System Securities at par	\$ 326,563.06		
Other Assets at cost	250,016.79	576,579.85	
Deposits in lieu of Mortgaged Property Sold:			
System Securities at par	\$ 736,000.00		
Other Assets at cost	4,717,904.82	5,453,904.82	
Investments in Affiliated Companies		36,139,090.39	
Other Investments		1,120,247.26	\$1,965,673,894.71
CURRENT ASSETS:			
Cash		\$ 8,078,076.46	
Special Deposits		6,773,189.49	
Bills Receivable		100,000.00	
Traffic and Car-Service Balances Receivable		1,089,933.36	
Net Balances Receivable from Agents and Conductors		3,868,285.48	
Miscellaneous Accounts Receivable	\$ 4,365,534.06		
Dominion Government—Balance due on Deficit Contributions	11,117,018.41	15,482,552.47	
Material and Supplies		27,856,014.77	
Interest and Dividends Receivable		227,829.13	
Rents Receivable		53,123.50	
Other Current Assets		745,689.14	64,274,693.80
DEFERRED ASSETS:			
Working Fund Advances		\$ 237,468.74	
C.N.R. Insurance Fund:			
System Securities at par	\$ 5,133,325.73		
Other Assets at cost	6,835,242.10	11,968,567.83	
Other Funds		14,506.25	
Other Deferred Assets		6,033,878.08	18,254,420.90
UNADJUSTED DEBITS:			
Rents and Insurance Premiums paid in advance		\$ 247,306.33	
Discount on Capital Stock		189,500.00	
Discount on Funded Debt		12,090,984.49	
Other Unadjusted Debits		2,900,798.97	15,428,589.79
			<u>\$2,063,631,599.20</u>

CERTIFICATE

We have examined the books and records of the companies comprising the The investments in properties and equipment appearing in the books of the The accounts of the System are stated in Canadian currency—Sterling and Depreciation Accounting is applied to rolling stock owned by United States units of property on the System.

Subject to the foregoing and our report to Parliament, we certify that, in to exhibit a true and correct view of the affairs of the System as at the for the year ended the 31st. December, 1938 are correctly stated.

10th. March, 1939

AT 31st. DECEMBER, 1938.

LIABILITIES		
STOCKS:		
Capital Stocks of Subsidiary Companies owned by Public	\$	4,583,800.00
LONG TERM DEBT:		
Funded Debt Unmatured		1,249,996,422.59
DOMINION OF CANADA (Accounts treated as assets in Public Accounts of Canada):		
Loans	\$	48,144,804.73
Canadian Government Railways—Working Capital		16,771,980.54
		64,916,785.27
CURRENT LIABILITIES:		
Traffic and Car-Service Balances Payable	\$	2,942,270.52
Audited Accounts and Wages Payable		7,432,810.97
Miscellaneous Accounts Payable		2,730,780.31
Interest Matured Unpaid		7,711,897.51
Funded Debt Matured Unpaid		123,069.06
Unmatured Interest Accrued		9,894,892.30
Unmatured Rents Accrued		408,552.32
Other Current Liabilities		1,302,043.47
		32,546,316.46
DEFERRED LIABILITIES:		3,638,245.60
UNADJUSTED CREDITS AND RESERVES:		
Tax Liability	\$	1,923,414.70
C.N.R. Insurance Reserve		11,968,567.83
Accrued Depreciation—U.S. Lines		16,608,142.08
Other Unadjusted Credits and Reserves		4,761,313.96
		35,261,438.57
DOMINION GOVERNMENT—PROPRIETOR'S EQUITY (See Note)		
Represented by:—		
1,000,000 shares of no par value capital stock of Canadian National Railway Company issued in exchange for the residual value of Canadian Northern capital stock	\$	18,000,000.00
5,000,000 shares of no par value capital stock issued by Securities Trust to the Government in consideration for the transfer of securities, advances, claims for unpaid interest and collateral securities		266,612,868.53
Dominion Government Capital Expenditures for Canadian Government Railways		388,075,722.18
		672,688,590.71
CONTINGENT LIABILITIES:		
For major contingent liabilities, including pension plans, see page 21		
		\$2,063,631,599.20

NOTE:—The Proprietor's Equity is included in the net debt of Canada and is disclosed in the historical record of Government assistance to railways as shown in the Public Accounts of Canada in accordance with The Canadian National Railways Capital Revision Act, 1937.

T. H. COOPER,
Comptroller.

OF AUDITORS

Canadian National Railway System for the year ended the 31st. December, 1938.
companies as at the 1st. January, 1923 were accepted by us.

United States currencies being converted at the par of exchange.

Lines and Retirement Accounting is applied on the basis of original cost to other

our opinion, the above Consolidated Balance Sheet is properly drawn up so as
31st. December, 1938, and that the relative Income and Profit and Loss Accounts

GEORGE A. TOUCHE & CO.,
Chartered Accountants.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st. DECEMBER, 1938.

DEBITS:

Debit balance transferred from Income		\$ 54,470,996.92
Debits from Retired Road and Equipment:		
Line Abandonments and Other Capital Losses	\$ 2,712,837.14	
Other Property retired and not replaced	978,084.38	3,690,921.52
Miscellaneous Debits		60,350.54
		\$ 58,222,268.98

CREDITS:

Credits from Retired Road and Equipment		\$ 613,640.92
Miscellaneous Credits		581,594.95
		\$ 1,195,235.87
Line Abandonments, etc., as above, charged to Proprietor's Equity	\$ 2,712,837.14	
CASH DEFICIT, Contributed by Government	54,314,195.97	\$ 57,027,033.11

DOMINION GOVERNMENT—PROPRIETOR'S EQUITY

	Balance at 31st. Dec., 1937	Change during year (See Page 18)	Balance at 31st. Dec., 1938
Canadian National Railway Company, Capital Stock	\$ 18,000,000.00		\$ 18,000,000.00
Canadian National Railways Securities Trust, Capital Stock	269,325,705.67	\$ 2,712,837.14	266,612,868.53
Dominion Govt. Capital Expenditures for Canadian Govt. Railways.	388,204,322.18	128,600.00	388,075,722.18
	\$ 675,530,027.85	\$ 2,841,437.14	\$ 672,688,590.71

CONSOLIDATED INCOME ACCOUNT

	Year 1938	Year 1937
Railway Operating Revenues.....	\$ 182,241,722.93	\$ 198,396,808.61
Railway Operating Expenses.....	176,175,311.78	180,788,858.09
Net Revenue from Railway Operations.....	\$ 6,066,411.15	\$ 17,607,750.52
Railway Tax Accruals.....	5,954,197.44	5,635,173.84
Railway Operating Income.....	\$ 112,213.71	\$ 11,972,576.68
Rent from Locomotives.....	102,074.89	111,918.91
Rent from Passenger-Train Cars.....	267,170.94	251,931.04
Rent from Floating Equipment.....	360.00	734.50
Rent from Work Equipment.....	124,198.88	149,481.33
Joint Facility Rent Income.....	1,630,481.05	1,617,222.56
Hire of Freight Cars—Debit Balance.....	1,403,976.52	1,869,236.43
Rent for Locomotives.....	31,307.83	29,431.52
Rent for Passenger-Train Cars.....	310,406.74	439,765.65
Rent for Floating Equipment.....	67,976.28	65,567.96
Rent for Work Equipment.....	7,235.31	12,504.89
Joint Facility Rents—Debit.....	2,548,636.17	2,177,957.72
Net Railway Operating Income.....	\$ 2,133,039.38	\$ 9,509,400.85
Revenues from Hotel Operations.....	3,144,674.00	3,045,798.57
Expenses of Hotel Operations.....	2,784,021.04	2,713,512.18
Taxes on Hotel Property.....	134,639.21	132,199.39
Net Hotel Operating Income.....	\$ 226,013.75	\$ 200,087.00
Income from Lease of Road and Equipment.....	74,273.79	55,949.12
Miscellaneous Rent Income.....	900,219.75	828,281.57
Miscellaneous Non-Transportation Property—Credit.....	84,071.04	53,541.81
Dividend Income.....	243,972.50	709,363.14
Income from Funded Securities.....	1,697,609.86	1,730,589.28
Income from Unfunded Securities and Accounts.....	714,849.86	127,571.06
Income from Sinking and Other Reserve Funds.....	209,379.48	208,618.73
Miscellaneous Income.....	327,056.88	63,008.75
Miscellaneous Rents—Debit.....	498,107.82	499,202.91
Miscellaneous Tax Accruals.....	152,413.03	184,149.52
Separately Operated Properties—Loss.....	1,693,336.01	1,130,521.24
Miscellaneous Income Charges.....	1,019,805.86	430,774.92
Income Available for Fixed Charges.....	\$ 1,019,255.19	\$ 11,241,762.72
Rent for Leased Roads and Equipment.....	1,474,675.68	1,505,688.80
Interest on Funded Debt—Public.....	49,839,022.58	48,888,545.56
Interest on Government Loans.....	926,124.86	1,744,550.71
Interest on Unfunded Debt.....	153,093.69	192,903.29
Amortization of Discount on Funded Debt.....	1,058,824.92	938,728.79
Total Fixed Charges.....	\$ 53,451,741.73	\$ 53,270,417.15
Income <i>Deficit</i> transferred to Profit and Loss.....	\$ 54,470,996.92	\$ 42,028,654.43

OPERATING REVENUES

	Year 1938	Year 1937
Freight.....	\$ 137,873,660.16	\$ 151,422,690.21
Maritime Rates Reduction.....	1,896,022.47	2,373,548.88
Passenger.....	18,096,849.20	18,944,767.04
Excess Baggage.....	81,075.72	83,611.71
Sleeping Car.....	1,150,698.00	1,194,118.59
Parlor and Chair Car.....	157,869.16	178,915.77
Mail.....	3,509,248.20	3,504,153.22
Railway Express Agency.....	297,242.77	404,932.42
Express.....	8,487,782.67	8,915,373.13
Other Passenger-Train.....	45,638.48	49,112.16
Milk.....	345,761.12	386,965.68
Switching.....	2,029,173.69	2,461,735.92
Water Transfers—Freight.....	46,644.52	25,364.04
Water Transfers—Passenger.....	18,268.95	17,342.57
Water Transfers—Vehicles and Live Stock.....	35,855.00	31,093.00
Water Transfers—Other.....	—	603.70
Dining and Buffet.....	773,471.63	771,938.79
Restaurants.....	12,410.80	12,546.45
Station, Train, and Boat Privileges.....	102,483.40	100,410.80
Parcel Room.....	34,537.17	37,614.98
Storage—Freight.....	174,848.60	158,202.92
Storage—Baggage.....	14,730.88	15,589.05
Demurrage.....	247,642.43	424,017.14
Telegraph and Telephone.....	9,949.74	11,131.20
Telegraph—Commercial.....	4,471,128.16	4,883,109.65
Grain Elevator.....	35,972.91	22,076.19
Rents of Buildings and Other Property.....	453,062.63	450,532.28
Miscellaneous.....	1,496,077.85	1,190,711.28
Joint Facility—Credit.....	410,247.50	385,058.25
Joint Facility—Debit.....	66,630.88	60,658.41
	<u>\$ 182,241,722.93</u>	<u>\$ 198,396,608.61</u>

SUMMARY OF OPERATING EXPENSES

Maintenance of Way and Structures.....	\$ 33,789,284.02	\$ 35,241,300.12
Maintenance of Equipment.....	41,679,618.98	44,458,943.02
Traffic.....	5,132,239.09	4,980,921.92
Transportation.....	86,161,164.72	86,933,849.10
Miscellaneous Operations.....	1,260,624.29	1,290,914.88
General.....	8,552,593.38	8,326,253.76
Transportation for Investment—Credit.....	400,212.70	443,324.71
	<u>\$ 176,175,311.78</u>	<u>\$ 180,788,858.09</u>

MAINTENANCE OF WAY AND STRUCTURES EXPENSES

	Year 1938	Year 1937
Superintendence.....	\$ 2,920,826.55	\$ 2,849,299.90
Roadway Maintenance.....	4,548,637.73	4,527,108.46
Tunnels and Subways.....	20,443.78	19,430.46
Bridges, Trestles and Culverts.....	1,729,574.68	1,696,781.01
Ties.....	4,479,694.87	4,503,674.06
Rails.....	1,329,680.64	1,345,641.16
Other Track Material.....	1,417,226.38	1,428,013.52
Ballast.....	213,058.83	480,744.96
Track Laying and Surfacing.....	9,104,042.10	9,462,818.30
Fences, Snowsheds and Signs.....	470,968.89	494,132.11
Station and Office Buildings.....	1,343,851.27	1,647,547.06
Roadway Buildings.....	137,724.42	199,504.48
Water Stations.....	371,815.41	387,771.71
Fuel Stations.....	153,459.05	220,877.43
Shops and Enginehouses.....	1,027,937.19	1,154,592.94
Grain Elevators.....	13,896.28	11,241.31
Storage Warehouses.....	3,867.75	1,564.38
Wharves and Docks.....	146,481.88	162,066.22
Coal and Ore Wharves.....	374.38	238.73
Gas Producing Plants.....	68.99	305.95
Telegraph and Telephone Lines.....	637,405.03	749,273.63
Telegraph—Commercial.....	707,030.28	807,537.76
Signals and Interlockers.....	510,292.55	593,369.25
Power Plants.....	9,711.32	11,729.26
Power Transmission Systems.....	92,171.54	82,637.31
Miscellaneous Structures.....	1,338.92	3,318.99
Roadway Machines.....	294,311.37	321,098.90
Small Tools and Supplies.....	461,026.04	507,765.91
Removing Snow, Ice and Sand.....	1,481,428.18	1,476,365.55
Public Improvements—Maintenance.....	219,416.35	258,285.46
Injuries to Persons.....	378,743.15	358,197.07
Insurance.....	18,807.67	25,106.58
Stationery and Printing.....	45,983.92	47,339.46
Other Expenses.....	25,253.62	23,929.90
Maintaining Joint Tracks, Yards and Other Facilities—Debit.....	429,257.96	428,877.87
Maintaining Joint Tracks, Yards and Other Facilities—Credit.....	1,022,868.67	1,108,590.50
Right of Way Expenses.....	36,214.98	31,574.83
Depreciation—U.S. Lines Only.....	30,128.74	30,128.74
	<u>\$ 33,789,284.02</u>	<u>\$ 35,241,300.12</u>

MAINTENANCE OF EQUIPMENT EXPENSES

Superintendence.....	\$ 1,323,988.12	\$ 1,258,198.09
Shop Machinery.....	1,171,305.72	1,320,376.53
Power Plant Machinery.....	84,594.89	131,611.28
Steam Locomotives—Repairs.....	12,013,270.92	12,725,309.00
Other Locomotives—Repairs.....	60,870.85	71,172.38
Freight Train Cars—Repairs.....	10,835,931.15	12,546,800.65
Passenger Train Cars—Repairs.....	6,671,924.51	6,729,869.10
Floating Equipment—Repairs.....	126,841.27	169,002.27
Work Equipment—Repairs.....	921,211.40	1,101,005.10
Miscellaneous Equipment—Repairs.....	42,014.39	20,267.45
Express Equipment—Repairs.....	92,510.14	87,820.56
Express Equipment—Retirements.....	101,024.62	77,136.02
Equipment Retirements (Demolition Cost).....	92,420.21	127,594.15
Equipment Retirements, Canadian Lines.....	6,268,167.51	6,283,410.41
Depreciation—U.S. Lines Only.....	1,493,752.54	1,441,134.72
Injuries to Persons.....	298,035.45	267,299.55
Insurance.....	11,934.91	13,893.17
Stationery and Printing.....	39,855.27	41,192.41
Other Expenses.....	1,980.44	5,013.12
Maintaining Joint Equipment—Debit.....	181,034.43	203,960.51
Maintaining Joint Equipment—Credit.....	153,049.76	163,124.45
	<u>\$ 41,679,618.98</u>	<u>\$ 44,458,943.02</u>

TRAFFIC EXPENSES

	Year 1938	Year 1937
Superintendence.....	\$ 1,629,550.43	\$ 1,561,850.82
Outside Agencies.....	2,280,696.55	2,215,728.05
Advertising.....	599,680.19	579,959.56
Traffic Associations.....	91,361.82	88,731.03
Stationery and Printing.....	286,182.69	300,309.04
Other Expenses.....	—	4,440.70
Industrial Bureau.....	84,901.15	80,564.24
Colonization, Agriculture and Natural Resources.....	159,866.26	149,338.48
	<u>\$ 5,132,239.09</u>	<u>\$ 4,980,921.92</u>

TRANSPORTATION EXPENSES

Superintendence.....	\$ 2,942,765.60	\$ 2,862,946.13
Dispatching Trains.....	1,186,554.71	1,128,577.91
Station Employees.....	13,233,144.83	13,098,529.29
Weighing, Inspection and Demurrage Bureaus.....	68,780.72	67,142.00
Station Supplies and Expenses.....	1,181,712.27	1,182,727.08
Yardmasters and Yard Clerks.....	2,217,553.02	2,196,359.07
Yard Conductors and Brakemen.....	3,814,509.95	4,139,867.18
Yard Switch and Signal Tenders.....	478,611.22	456,590.80
Yard Enginemen.....	2,659,279.90	2,924,870.15
Yard Motormen.....	66,442.56	46,189.46
Yard Switching Fuel.....	2,676,219.48	3,043,801.84
Yard Switching Power Produced.....	10,017.53	9,414.54
Yard Switching Power Purchased.....	58,112.87	70,313.06
Water for Yard Locomotives.....	140,186.88	154,559.99
Lubricants for Yard Locomotives.....	32,457.37	34,229.74
Other Supplies for Yard Locomotives.....	22,820.39	26,913.94
Enginehouse Expenses—Yard.....	1,015,940.54	1,030,576.89
Yard Supplies and Expenses.....	115,295.82	115,633.36
Operating Joint Yards and Terminals—Debit.....	972,366.86	924,608.74
Operating Joint Yards and Terminals—Credit.....	1,235,589.47	1,304,137.01
Train Enginemen.....	8,072,583.72	8,046,670.80
Train Motormen.....	121,662.22	123,285.01
Train Fuel.....	13,981,398.72	14,805,538.96
Train Power Produced.....	11,614.84	10,941.55
Train Power Purchased.....	38,236.28	39,732.00
Water for Train Locomotives.....	832,340.68	825,631.52
Lubricants for Train Locomotives.....	291,961.64	294,189.25
Other Supplies for Train Locomotives.....	123,213.49	130,543.62
Enginehouse Expenses—Train.....	2,927,983.25	2,852,342.02
Trainmen.....	9,107,969.41	9,055,320.50
Train Supplies and Expenses.....	5,143,199.80	5,057,036.21
Operating Sleeping Cars.....	805,743.70	761,663.73
Signal and Interlocker Operation.....	427,704.38	413,922.99
Crossing Protection.....	582,439.09	545,668.62
Drawbridge Operation.....	98,879.93	90,907.20
Telegraph and Telephone Operation.....	238,607.38	229,180.67
Telegraph—Commercial.....	3,471,324.89	3,445,379.26
Operating Floating Equipment.....	597,456.53	610,450.43
Express.....	4,859,819.42	4,728,568.92
Stationery and Printing.....	414,748.89	434,325.28
Other Expenses.....	379,851.04	153,587.96
Operating Joint Tracks and Facilities—Debit.....	558,529.71	591,178.76
Operating Joint Tracks and Facilities—Credit.....	374,138.00	367,396.59
Insurance.....	10,649.52	10,645.44
Clearing Wrecks.....	152,209.21	174,796.56
Damage to Property.....	60,500.78	79,896.49
Damage to Live Stock on Right-of-Way.....	43,978.51	43,246.48
Loss and Damage—Freight.....	579,784.95	677,582.87
Loss and Damage—Baggage.....	1,417.21	2,705.36
Injuries to Persons.....	942,310.48	856,593.07
	<u>\$86,161,164.72</u>	<u>\$86,933,849.10</u>

MISCELLANEOUS OPERATING EXPENSES

	Year 1938	Year 1937
Dining and Buffet Service.....	\$1,181,190.56	\$1,213,313.91
Restaurants.....	10,993.13	10,019.26
Grain Elevators.....	33,268.75	32,144.06
Other Miscellaneous Operations.....	35,171.85	35,437.65
	<u>\$1,260,624.29</u>	<u>\$1,290,914.88</u>

GENERAL EXPENSES

Salaries and Expenses of General Officers.....	\$ 407,168.90	\$ 400,080.60
Salaries and Expenses of Clerks and Attendants.....	3,199,765.15	3,039,954.88
General Office Supplies and Expenses.....	197,064.40	209,104.73
Law Expenses.....	330,669.44	327,210.44
Relief Department Expenses.....	27,500.00	27,500.00
Pensions.....	4,022,809.42	3,865,731.71
Stationery and Printing.....	116,921.02	123,418.51
Valuation Expenses.....	28,738.56	27,007.97
Other Expenses.....	232,817.48	294,528.70
General Joint Facilities—Debit.....	41,811.87	23,034.53
General Joint Facilities—Credit.....	52,672.86	11,318.31
	<u>\$8,552,593.38</u>	<u>\$8,326,253.76</u>

PROPERTY INVESTMENT ACCOUNT

BALANCE AT 1ST JANUARY, 1938.....		\$1,914,939,014.52
EXPENDITURES, YEAR 1938:		
ROAD:		
New Lines Constructed.....	\$ 2,065,145.82	
Montreal Terminal Development, Chapter 12, 1929.....	70,350.68	
Toronto Viaduct.....	422,391.66	
Wider Woodward Avenue, Detroit.....	45,204.28	
Minor Line Abandonments, etc.....	460,529.42	
Rails and Fastenings.....	228,108.29	
Tie Plates and Rail Anchors.....	794,233.64	
Ties—Cost of Treating.....	1,082,997.89	
Ballast.....	83,009.28	
Widening Cuts and Fills and Scaling Rock Cuts.....	30,220.76	
Ditching, Drainage and Sewers.....	122,493.80	
Large Freight Terminals.....	54,277.33	
Large Passenger Terminals.....	115,607.05	
Yard Tracks and Sidings.....	339,905.87	
Bridges, Trestles and Culverts.....	803,543.59	
Crossing Protection, including Subways.....	85,394.04	
Stations and Station Facilities.....	3,354.44	
Water Supplies.....	47,187.71	
Shops, Enginehouses and Machinery.....	154,399.51	
Docks and Wharves.....	38,171.98	
Signals and Interlockers.....	7,170.12	
Telegraphs—Railway.....	25,229.14	
Telegraphs—Commercial.....	250,122.09	
Stores Department, Buildings and Equipment.....	8,163.74	
Assessments for Public Improvements.....	82,416.48	
Land.....	96,921.20	
General Additions and Betterments.....	273,125.28	
TOTAL.....	\$ 5,253,336.99	
EQUIPMENT:		
Rolling Stock Purchased or Built.....	\$11,233,215.52	
Additions and Betterments to Rolling Stock.....	1,598,720.76	
Retirement of Rolling Stock.....	7,795,981.55	
Equipment Transfers.....	67,001.08	
Express and Miscellaneous Equipment.....	184,378.13	
Floating Equipment.....	22,965.76	
TOTAL.....	\$ 5,176,297.54	
HOTELS.....	\$ 1,020,099.41	
SEPARATELY OPERATED PROPERTIES.....	\$ 650,941.62	
NET ADDITIONS AND BETTERMENTS EXPENDITURES.....		10,798,792.32
TRANSFERS AFFECTING PROPRIETOR'S EQUITY, ETC.....		3,353,734.45
BALANCE AT 31ST DECEMBER, 1938.....		<u>\$1,922,384,072.39</u>

TRANSACTIONS DURING YEAR 1938 AFFECTING PROPRIETOR'S EQUITY

Abandonment of Stoneham Branch, 9.95 miles on the Batiscan subdivision.....	\$ 119,697.92
Abandonment of Morency Branch, 6.04 miles on the Batiscan subdivision.....	102,668.02
Line abandonment between mileages 15.87 and 38.12 on the La Tuque subdivision.....	678,161.16
Abandonment of Cambridge Branch, 25.76 miles of Central Vermont Railway.....	529,176.71
Line abandonment between mileages 23.96 and 24.95 on the Deseronto subdivision.....	85,027.27
Line abandonment between mileages 32.44 and 36.13 on the Orono subdivision.....	134,107.15
Line abandonment between mileages 2.14 and 5.00 on the Algonquin subdivision.....	69,737.86
Capital loss (exclusive of loss applicable to expired service life) on sale of S.S. "Prince Henry".....	994,261.05
	<u>\$2,712,837.14</u>
Transfer from Canadian Government Railways to Departments of National Defence and Public Works of property at Quebec.....	\$ 128,600.00
	<u>\$2,841,437.14</u>

FUNDED DEBT—PRINCIPAL AND INTEREST

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1938	Interest Accrued 1938
GUARANTEED BY DOMINION GOVERNMENT:					
5% Perpetual Debenture Stock	G.T.R.	1875 to 1883	Perpetual	\$ 20,782,491.67	\$ 1,039,124.58
5% G.W. Perp. Debtr. Stock and Bonds . . .	G.T.R.	1858 to 1876	Perpetual	13,252,322.67	662,616.12
4% Perpetual Debenture Stock	G.T.R.	1883 to 1918	Perpetual	119,839,014.33	4,793,560.56
4% Nor. Rly. Perpetual Debtr. Stock	G.T.R.	July 31, 1884	Perpetual	1,499,979.67	59,999.18
4% Perpetual Guaranteed Stock	G.T.R.	1884 to 1909	Perpetual	60,833,333.33	2,433,333.33
3% 1st Mortgage Bonds	G.T.P.	July 1, 1905	Jan. 1, 1962	34,992,000.00	1,049,760.00
4% Sterling Bonds	G.T.P.	July 1, 1914	Jan. 1, 1962	8,440,848.00	337,633.92
3% 1st Mortgage Debenture Stock	Can. Nor.	July 29, 1903	July 10, 1953	9,359,996.72	280,799.86
3½% 1st Mortgage Debenture Stock	Can. Nor.	Mar. 1910	July 20, 1958	7,896,543.54	276,379.04
6½% Sinking Fund Debenture Bonds	Can. Nor.	July 1, 1921	July 1, 1946	24,238,000.00	1,575,470.00
3½% 1st Mortgage Debenture Stock	C.N.A.	Mar. 22, 1911	May 4, 1960	3,149,998.66	110,249.94
3½% 1st Mortgage Debenture Stock	C.N.O.	Dec. 8, 1911	May 19, 1961	34,229,996.87	1,198,049.84
5% Equipment Trust—Series "G"	Can. Nat.	Aug. 1, 1923	Ser. 1, 8, '38	—	25,000.00
5% 30 Year Guaranteed Bonds	Can. Nat.	Feb. 1, 1924	Feb. 1, 1954	50,000,000.00	2,500,000.00
2% 1927 Guaranteed Debenture Stock	Can. Nat.	July 1, 1926	By Drawings	22,351,232.47	456,338.96
4½% 30 Year Guaranteed Gold Bonds	Can. Nat.	July 1, 1927	July 1, 1957	65,000,000.00	2,925,000.00
5% 40 Year Guaranteed Gold Bonds	Can. Nat.	July 1, 1929	July 1, 1969	60,000,000.00	3,000,000.00
5% 40 Year Guaranteed Gold Bonds	Can. Nat.	Oct. 1, 1929	Oct. 1, 1969	60,000,000.00	3,000,000.00
5% 40 Year Guaranteed Gold Bonds	Can. Nat.	Feb. 1, 1930	Feb. 1, 1970	18,000,000.00	900,000.00
4¾% 25 Year Guaranteed Gold Bonds	Can. Nat.	June 15, 1930	June 15, 1955	50,000,000.00	2,375,000.00
4½% 25 Year Guaranteed Gold Bonds	Can. Nat.	Feb. 1, 1931	Feb. 1, 1956	70,000,000.00	3,150,000.00
4½% 20 Year Guaranteed Gold Bonds	Can. Nat.	Sept. 1, 1931	Sept. 1, 1951	50,000,000.00	2,250,000.00
3% 16 Year Guaranteed Bonds	Can. Nat.	Dec. 15, 1934	Dec. 15, 1950	20,500,000.00	615,000.00
2% 3 Year Guaranteed Bonds	Can. Nat.	May 1, 1935	May 1, 1938	—	89,333.33
3% 9 Year Guaranteed Bonds	Can. Nat.	May 1, 1935	May 1, 1944	35,000,000.00	1,050,000.00
2% 7 Year Guaranteed Bonds	Can. Nat.	Feb. 15, 1936	Feb. 15, 1943	55,000,000.00	1,100,000.00
3% 17 Year Guaranteed Bonds	Can. Nat.	Feb. 15, 1936	Feb. 15, 1953	25,000,000.00	750,000.00
2¼% 7 Year Guaranteed Bonds	Can. Nat.	Feb. 1, 1937	Feb. 1, 1944	15,000,000.00	348,750.00
3% 15 Year Guaranteed Bonds	Can. Nat.	Feb. 1, 1937	Feb. 1, 1952	20,000,000.00	600,000.00
3% 13 Year Guaranteed Bonds	Can. Nat.	Dec. 15, 1937	Dec. 15, 1950	30,000,000.00	853,598.51
2% 4 Year Guaranteed Bonds	Can. Nat.	Jan. 15, 1938	Jan. 15, 1942	20,000,000.00	380,045.33
Total Issues Guaranteed by Dominion Government				\$1,004,865,757.93	\$ 40,185,042.50
GUARANTEED BY PROVINCE OF NEW BRUNSWICK:					
4% 1st Mortgage Debenture Stock	St. J. & Q.	May 14, 1912	June 1, 1962	\$ 2,727,977.40	\$ 109,119.10
GUARANTEED BY PROVINCE OF ONTARIO:					
3½% 1st Mortgage Debenture Stock	C.N.O.	1908	June 30, 1938	—	117,695.99
GUARANTEED BY PROVINCE OF MANITOBA:					
4% Winnipeg Terminal Bonds	Can. Nor.	July 1, 1909	July 1, 1939	3,000,000.00	120,000.00
GUARANTEED BY PROVINCE OF SASKATCHEWAN:					
4% 1st Mortgage Bonds	G.T.P.B.L.	May 1, 1909	Jan. 22, 1939	9,874,062.00	394,962.48
4% 1st Mortgage Debenture Stock	Can. Nor.	June 12, 1909	Jan. 23, 1939	8,029,999.99	321,200.00
GUARANTEED BY PROVINCE OF ALBERTA:					
4% 1st Mortgage Bonds	G.T.P.B.L.	May 1, 1912	Feb. 15, 1942	1,153,764.00	46,150.56
4% 1st Mortgage Bonds	G.T.P.B.L.	May 1, 1909	Feb. 25, 1939	2,430,000.00	97,200.00
4% 1st Mortgage Debenture Stock	Can. Nor.	June 10, 1909	Feb. 25, 1939	5,586,665.64	223,466.62
4½% 1st Mtge. Debtr. Stock and Bonds . . .	C.N.W.	Mar. 1914	Oct. 22, 1943	2,799,997.73	125,999.90
4½% 1st Mtge. Debtr. Stock and Bonds . . .	C.N.W.	Feb. 1914	Feb. 16, 1942	6,424,000.00	289,080.00
GUARANTEED BY PROVINCE OF BRITISH COLUMBIA:					
4% 1st Mortgage Debenture Stock	C.N.P.	Nov. 16, 1911	Apr. 2, 1950	16,412,001.13	656,480.07
4½% Terminal Debenture Stock	C.N.P.	1913 and 1914	Apr. 2, 1950	8,614,000.00	387,630.00
Total Issues Guaranteed by Provincial Governments				\$ 67,052,467.89	\$ 2,888,984.72
Carried forward				\$1,071,918,225.82	\$43,074,027.22

FUNDED DEBT—PRINCIPAL AND INTEREST (Continued)

NAME OF SECURITY	Issuing Company	Date of Issue	Date of Maturity	Principal Outstanding at Dec. 31, 1938	Interest Accrued 1938
Brought forward.....				\$ 1,071,918,225.82	\$ 43,074,027.22
EQUIPMENT TRUST ISSUES:					
4½% Series "H".....	Can. Nat.	July 1, 1924	Ser. 1, 7, '39	\$ 625,000.00	\$ 42,187.50
4½% " "J".....	Can. Nat.	May 1, 1927	Ser. 1, 5, '42	4,000,000.00	195,000.00
5% " "K".....	Can. Nat.	May 1, 1929	Ser. 1, 5, '44	7,200,000.00	380,000.00
5% " "G.T.W.".....	G.T.W.	Dec. 14, 1929	Ser. 14, 12, '44	1,691,000.00	98,031.80
5% " "C.V.R.".....	G.T.W.	Dec. 14, 1929	Ser. 14, 12, '44	271,000.00	15,741.39
5% " "C.V.R.".....	C.V.	Dec. 14, 1929	Ser. 14, 12, '44	462,000.00	26,826.67
4½% " "L".....	Can. Nat.	June 1, 1930	Ser. 1, 6, '45	7,350,000.00	350,437.50
2½% " "O".....	Can. Nat.	Aug. 1, 1937	Ser. 1, 8, '47	12,870,000.00	342,604.17
2¾% " "P".....	Can. Nat.	Sept. 15, 1938	Ser. 15, 9, '53	7,600,000.00	34,498.06
Total Equipment Trust Issues.....				\$ 42,069,000.00	\$ 1,485,327.09
OTHER ISSUES:					
4% Canada Atlantic 1st Mtge. Bonds.....	G.T.R.	Jan. 1, 1905	Jan. 1, 1955	\$ 16,000,092.00	\$ 640,003.68
7% Wellington, Grey & Bruce Bonds.....	G.T.R.	July 1, 1869	By Drawings	74,946.67	17,543.46
6% Northern Railway 3rd Pref. Bonds.....	G.T.R.	1868	Perpetual	70,566.66	4,234.00
3¾% 1st Mortgage Bonds.....	N.E. Elev.	July 1, 1901	Ser. 1, 7, '41	30,000.00	1,312.50
4% 1st Mortgage Bonds.....	Pem. South.	Sept. 1, 1906	Sept. 1, 1956	150,000.00	6,000.00
4% 2nd Mortgage Bonds, Prairie "A".....	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	10,206,000.00	408,240.00
4% 2nd Mortgage Bonds, Mountain "B".....	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	9,963,000.00	398,520.00
4% 1st Mortgage Bonds, "Lake Superior".....	G.T.P.	Apr. 1, 1905	Apr. 1, 1955	7,533,000.00	301,320.00
4% Perpetual Cons. Debenture Stock.....	Can. Nor.	1903 to 1912	Perpetual	44,943,019.40	1,797,720.74
4% Perpetual Cons. Debenture Stock.....	C.N.O.	June 21, 1909	Perpetual	8,724,113.20	348,964.50
4% Perpetual Cons. Debenture Stock.....	C.N.O.	Oct. 1906	Perpetual	5,250,369.26	210,014.76
4% 1st Mortgage Perp. Debenture Stock.....	Q. & L. St. J.	June 1, 1912	Perpetual	4,252,503.06	170,100.14
4% 1st Mortgage Debenture Stock.....	D.W. & P.	May 1, 1910	June 1, 1939	7,004,997.27	280,199.89
4% 1st Mortgage Bonds.....	G.T.W.	Nov. 30, 1900	July 1, 1950	10,964,416.00	439,413.86
4½% 1st Mortgage Series "A" Bonds.....	G.T.W.	Jan. 1, 1930	Jan. 1, 1980	400,000.00	18,000.00
4% Indebtedness of S.S. & C. Co.....	C.V.Ry.	Aug. 27, 1858	Optional	155,865.25	6,234.61
4% 1st Mortgage Gold Bonds.....	M. & P. L.	Oct. 1, 1900	Oct. 1, 1950	200,000.00	8,000.00
3½% 1st Mortgage Guar. Debtr. Bonds.....	H. & S. W.	Oct. 1, 1912	Sept. 30, 1942	4,447,000.00	155,645.00
5% Indebtedness to Province of N. B.....	Can. Nat.	Sept. 3, 1929	Various	1,364,022.60	68,201.13
Indebtedness to State of Michigan.....	G.T.W.	July 20, 1927	Serially 1948	4,275,285.40	No Interest
Total Other Issues.....				\$ 136,009,196.77	\$ 5,279,668.27
Total Debt held by Public (including therein \$6,195,888.79 par value held in Special Funds and Accounts) as per Balance Sheet.....				\$1,249,996,422.59	\$ 49,839,022.58

NOTE:—These obligations are stated in Canadian currency—Sterling and United States currencies being converted at the par of exchange.

DOMINION OF CANADA—LOANS

(Treated as Assets in Public Accounts of Canada)

	Principal Outstanding at Dec. 31, 1938	Interest Accrued 1938
3½% Advances, Financing and Guarantee Act, 1937.....	\$ 2,392,742.61	\$ 89,861.74
3½% Advances, Financing and Guarantee Act, 1938.....	10,302,822.44	165,198.02
3½% Advances, Branch Line Construction Act, 1936.....	5,001,677.61	134,175.45
3½% Advances, Trans-Canada Air Lines Act, 1937.....	3,200,000.00	73,766.10
3% Purchase of Railway Equipment (Repayable 1938-1950).....	6,206,076.94	131,879.12
2% Advances, Refunding Act, 1938.....	21,041,485.13	255,625.39
Interest on Advances refunded in 1938.....	—	75,619.04
	<u>\$48,144,804.73</u>	<u>\$ 926,124.86</u>

INVESTMENTS IN AFFILIATED COMPANIES

COMPANY	Amount Outstanding	Amount owned by Can. Nat. System	Book Value
STOCKS:			
Atlantic and St. Lawrence Rail Road Company.....	\$ 5,480,700.00	\$ 224.33	\$ 176.53
The Belt Railway Company of Chicago.....	3,120,000.00	240,000.00	240,000.00
Canadian Government Merchant Marine, Limited.....	300.00	300.00	300.00
Central Vermont Transportation Company.....	200,000.00	50,000.00	20,000.00
Chicago & Western Indiana Railroad Company.....	5,000,000.00	1,000,000.00	1,000,000.00
The Detroit & Toledo Shore Line Railroad Company.....	3,000,000.00	1,500,000.00	2,142,000.00
Detroit Terminal Railroad Company.....	2,000,000.00	1,000,000.00	1,000,000.00
Northern Alberta Railways Company.....	625,000.00	312,500.00	312,500.00
The Ontario Car Ferry Company (Limited).....	500,000.00	250,000.00	179,007.53
The Public Markets, Limited.....	1,150,000.00	575,000.00	575,000.00
Railway Express Agency, Incorporated (no par value).....	1,000 shares	6 shares	600.00
The Toronto Terminals Railway Company.....	500,000.00	250,000.00	250,000.00
The Toledo Terminal Railroad Company.....	4,000,000.00	387,200.00	387,200.00
Trans-Canada Air Lines.....	3,200,000.00	3,200,000.00	3,200,000.00
Vancouver Hotel Company Limited.....	600.00	300.00	300.00
			\$ 9,307,084.06
BONDS:			
Atlantic and St. Lawrence Rail Road Company.....	\$ 3,000,000.00	\$ 3,000,000.00	\$ 3,012,040.00
The Detroit & Toledo Shore Line Railroad Co. 1st Mtge. Bonds.....	3,000,000.00	587,000.00	571,615.00
Northern Alberta Railways Co. 1st Mortgage Bonds.....	14,470,000.00	7,235,000.00	7,235,000.00
The Toronto Terminals Railway Co. 1st Mortgage Bonds.....	23,724,800.00	11,862,400.00	11,862,400.00
			\$22,681,055.00
ADVANCES:			
Chicago & Western Indiana Railroad Company.....			\$ 1,347,161.50
Northern Alberta Railways Company.....			125,000.00
The Railroad Credit Corporation.....			212,983.89
Railway Express Agency, Incorporated.....			73,840.59
The Toronto Terminals Railway Company.....			2,391,965.35
			\$ 4,150,951.33
			\$36,139,090.39

MAJOR CONTINGENT LIABILITIES

TRANS-CANADA AIR LINES:

The Canadian National Railway Company owns \$5,000,000 of the Capital Stock of the Air Lines on which total call to 31st December, 1938 has been \$3,200,000.

NORTHERN ALBERTA RAILWAYS COMPANY:

The Canadian National Railway Company owns \$3,125,000 of the Capital Stock of the Railways Company on which total call to date has been 10%.

Under agreement of purchase dated 6th. February, 1929, Canadian National Railway Company became liable for one-half of the purchase consideration for the property. This obligation was later assumed by Northern Alberta Railways Company which took title to the property. The future commitment of the Canadian National Railway Company is \$7,500,000. The Canadian National Railway Company takes up currently in its income account one-half of the annual deficit of Northern Alberta Railways Company.

THE DETROIT & TOLEDO SHORE LINE RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company as joint and several guarantor by indorsement of principal and interest of \$3,000,000 First Mortgage 4%—50 year Gold Bonds due 1953.

THE TOLEDO TERMINAL RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company in respect of \$5,800,000 First Mortgage 4½%—50 year Gold Bonds due 1957. The guarantee is as to interest only and is several and not joint. Grand Trunk Western's proportion is 9.68%.

CHICAGO & WESTERN INDIANA RAILROAD COMPANY:

Assumed by Grand Trunk Western Railroad Company pursuant to joint supplemental lease dated 1st July, 1902, between Grand Trunk Western Railway Company and four other proprietary companies. Obligation is for repayment of principal of bonds at their maturity, and of interest as it falls due by way of annual rentals. The Grand Trunk Western's obligation is for one-fifth of the bonds issued for "common" property and the entire amount of bonds issued for its "exclusive" property. The bonds are Consolidated Mortgage 50 year 4% bonds due 1952 and the amounts outstanding at 31st December, 1938, are:—

Issued for "common" property.....	\$39,973,019.39
Issued for "exclusive" property.....	252,535.36

Assumed by Grand Trunk Western Railroad Company pursuant to joint supplemental lease dated 1st March, 1936 between Grand Trunk Western Railroad Company and other proprietary companies. Obligation is to pay as rental sinking fund payments sufficient to retire bonds at maturity and interest as it falls due. The Grand Trunk Western's proportion is one-fifth in the absence of default of any of four other tenant companies. The bonds are First and Refunding Mortgage 4¼% Series "D" Sinking Fund Bonds due 1962 and the amount outstanding at 31st December, 1938 is \$22,683,000.

C.N.R. PENSION PLANS:

Reserves are not set up against pensions presently being paid or conditionally accruing under the 1935 contractual plan and prior non-contractual plans. Actual pension payments made at the expense of the Railway are charged currently to operating expenses.

Pension contracts in force under the 1935 contractual plan number 2,434, the average annual pension is \$488, the total annual pensions being \$1,186,893, representing a capital sum of approximately 10½ million dollars. The portion of this sum contributed by retired employees is carried in the accounts as a deferred liability.

SCHEDULE OF COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM

Company
Number

CAPITAL STOCKS OWNED BY DOMINION GOVERNMENT

1	Canadian National Railway Company	\$ 18,000,000.00
2	The Canadian National Railways Securities Trust	266,612,868.53
		<u>\$284,612,868.53</u>

CAPITAL STOCKS OWNED BY SYSTEM OR PUBLIC

	NAME OF ISSUING COMPANY	Owned by Company Number	Capital Stock Issued	Owned by Public
3	The Bay of Quinté Railway Company	23	\$ 1,395,000.00	
4	The Bessemer and Barry's Bay Railway Company	23	125,000.00	
5	*Brooksby Realty Company	29	2,000.00	
6	*Canada Atlantic Transit Company	1	219,000.00	
7	*Canada Atlantic Transit Company of U.S.	1	250,000.00	
8	The Canadian Express Company	1	1,768,800.00	
9	*Canadian National Electric Railways	23	1,750,000.00	
10	Canadian National Express Company	24	1,000,000.00	
11	Canadian National Land Settlement Association	1	—	
12	*Canadian National Railways (France)	1	2,007,400.00	
13	*Canadian National Realities, Limited	23	40,000.00	
14	Canadian National Rolling Stock Limited	1	50,000.00	
15	*Canadian National Steamship Company, Limited	47	15,000.00	
16	Canadian National Telegraph Company	23	500,000.00	
17	*Canadian National Transportation, Limited	1	500.00	
18	The Canadian Northern Alberta Railway Company	23	3,000,000.00	
19	Canadian Northern Manitoba Railway Company	23	250,000.00	
20	The Canadian Northern Ontario Railway Company	23	10,000,000.00	
21	Canadian Northern Pacific Railway Company	23	25,000,000.00	
22	The Canadian Northern Quebec Railway Company	23	9,550,000.00	3,849,200.00
23	The Canadian Northern Railway Company	1	18,000,000.00	
24	The Canadian Northern Railway Express Company, Limited	23	1,000,000.00	
25	Canadian Northern Steamships, Limited	23	2,000,000.00	
26	Canadian Northern System Terminals (Limited)	23	2,000,000.00	
27	*Canadian Northern Town Properties Company, Limited	23	10,000,000.00	
28	Canadian Northern Western Railway Company	23	2,000,000.00	
29	*The Centmont Corporation	31	176,400.00	
30	The Central Ontario Railway	23	3,331,000.00	2,000.00
31	Central Vermont Railway, Inc.	1	10,000,000.00	
32	*Central Vermont Terminal, Inc.	31	5,000.00	
33	The Champlain and St. Lawrence Railroad Company	1	50,000.00	
34	*Chicago, New York and Boston Refrigerator Company	50	1,129,400.00	
35	Cincinnati, Saginaw and Mackinaw Rail Road Company	1	1,500,000.00	
36	*Consolidated Land Corporation	50	64,000.00	
37	*Continental Realty & Holding Company	13	90,000.00	
38	*The Dalhousie Navigation Company, Limited	23	50,000.00	
39	*Duluth and Virginia Realty Company	37	45,000.00	
40	Duluth, Rainy Lake & Winnipeg Railway Company	42	2,000,000.00	
41	Duluth, Winnipeg and Pacific Railroad Company	42	100,000.00	
42	Duluth, Winnipeg and Pacific Railway Company	23	3,100,000.00	
43	*Grand Trunk-Milwaukee Car Ferry Company	50	200,000.00	
44	The Grand Trunk Pacific Branch Lines Company	47	200,000.00	
45	*The Grand Trunk Pacific Development Company, Limited	47	3,000,000.00	
46	*Grand Trunk Pacific Dock Company, of Seattle	47	150,000.00	
47	The Grand Trunk Pacific Railway Company	1	24,940,200.00	
48	The Grand Trunk Pacific Saskatchewan Railway Company	47	20,000.00	
49	*Grand Trunk Pacific Terminal Elevator Company, (Limited)	47	501,000.00	
50	{Grand Trunk Western Railroad Company (Common)	1	20,000,000.00	
	{Grand Trunk Western Railroad Company (Preferred)		25,000,000.00	
51	The Great North Western Telegraph Company of Canada (including \$331,500.00 held in escrow)	16	373,625.00	6,925.00
52	The Halifax and South Western Railway Company	23	1,000,000.00	
53	*Industrial Land Company	50	1,000.00	
54	International Bridge Company	1	1,500,000.00	
55	The Irondale, Bancroft and Ottawa Railway Company	23	53,500.00	500.00
56	The James Bay and Eastern Railway Company	23	125,000.00	
57	The Lake Superior Terminals Company, Limited	23	500,000.00	
58	The Maganetawan River Railway Company	1	30,000.00	
59	Manitoba Northern Railway Company	1	500,000.00	
60	*Market Gardens Limited	23	200,000.00	
61	The Marmora Railway and Mining Company	23	128,600.00	
62	The Minnesota and Manitoba Railroad Company	23	400,000.00	
63	The Minnesota and Ontario Bridge Company	23	100,000.00	
	Carried forward		<u>\$192,486,425.00</u>	<u>\$3,858,625.00</u>

SCHEDULE OF COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM—Continued

CAPITAL STOCKS OWNED BY SYSTEM OR PUBLIC (CONT'D)

Company Number	NAME OF ISSUING COMPANY	Owned by Company Number	Capital Stock Issued	Owned by Public
	Brought forward.....		\$192,486,425.00	\$3,858,625.00
64	Montreal and Province Line Railway Company.....	29	1,000,000.00	
65	*Montreal and Southern Counties Railway Company.....	1	500,000.00	189,500.00
66	The Montreal and Vermont Junction Railway Company.....	31	197,300.00	
67	*Montreal Fruit & Produce Terminal Company, Limited.....	1	500.00	
68	*The Montreal Stock Yards Company.....	1	350,000.00	
69	*The Montreal Warehousing Company.....	1	236,000.00	12,240.00
70	Mount Royal Tunnel and Terminal Company, Limited.....	23	5,000,000.00	
71	*Muskegon Railway and Navigation Company.....	50	161,293.00	
72	*National Terminals of Canada, Limited.....	1	2,500.00	
73	National Transcontinental Railway Branch Lines Company.....	1	500.00	
74	New England Elevator Company.....	1	400,000.00	
75	*The Niagara, St. Catharines and Toronto Railway Company.....	23	925,000.00	
76	*The Niagara, St. Catharines and Toronto Navigation Company (Limited).....	75	100,000.00	
77	*The Oshawa Railway Company.....	1	40,000.00	
78	The Ottawa Terminals Railway Company.....	1	250,000.00	
79	The Pembroke Southern Railway Company.....	1	107,800.00	17,200.00
80	Portland Elevator Company.....	1	50,000.00	
81	*Prince Charles, Limited.....	1	10,000.00	
82	*Prince David, Limited.....	1	10,000.00	
83	*Prince George, Limited.....	1	10,000.00	
84	*Prince Henry, Limited.....	1	10,000.00	
85	*Prince John, Limited.....	1	10,000.00	
86	*Prince Robert, Limited.....	1	10,000.00	
87	*Prince Rupert, Limited.....	1	10,000.00	
88	The Quebec and Lake St. John Railway Company.....	23	4,508,300.00	489,160.00
89	The Qu'Appelle, Long Lake and Saskatchewan Railroad and Steam- boat Company.....	23	201,000.00	
90	*Rail & River Coal Company.....	1	2,000,000.00	
91	St. Boniface Western Land Company.....	23	250,000.00	
92	The St. Charles and Huron River Railway Company.....	23	1,000.00	
93	St. Clair Tunnel Company.....	1	700,000.00	
94	The Stanstead, Shefford and Chambly Railroad Company.....	29	608,333.33	
95	*The Thousand Islands Railway Company.....	1	60,000.00	
96	The Toronto Belt Line Railway Company.....	1	50,000.00	16,600.00
97	The United States and Canada Rail Road Company.....	1	219,400.00	475.00
98	Vermont and Province Line Railroad Company.....	1	200,000.00	
99	The Winnipeg Land Company Limited.....	23	100,000.00	
			<u>\$210,775,351.33</u>	<u>\$4,583,800.00</u>

The Income Accounts of Companies indicated () are included in the System Income Account as "Separately Operated Properties."

STATEMENT OF REVENUE TONNAGE BY COMMODITIES FOR YEARS 1938-1937

	Year 1938	Year 1937	Increase or Decrease	
	Tons	Tons	Tons	Percents
AGRICULTURAL PRODUCTS:				
Wheat.....	3,484,132	2,227,009	1,257,123	56.45
Corn.....	555,625	406,817	148,808	36.58
Oats.....	495,193	486,145	9,048	1.86
Barley.....	415,554	373,224	42,330	11.34
Rye.....	21,692	25,181	3,489	13.86
Flaxseed.....	20,234	20,729	495	2.39
Other Grain.....	27,147	33,622	6,475	19.26
Flour.....	674,472	684,818	10,346	1.51
Other Mill Products.....	1,164,961	1,078,643	86,318	8.00
Hay and Straw.....	237,399	346,825	109,426	31.55
Cotton.....	53,271	60,100	6,829	11.36
Apples (Fresh).....	95,668	85,430	10,238	11.98
Other Fruit (Fresh).....	277,243	246,028	31,215	12.69
Potatoes.....	145,333	199,839	54,506	27.27
Other Fresh Vegetables.....	157,055	161,388	4,333	2.68
Other Agricultural Products.....	541,515	472,358	69,157	14.64
Total.....	8,366,494	6,908,156	1,458,338	21.11
ANIMAL PRODUCTS:				
Horses.....	29,650	45,197	15,547	34.40
Cattle and Calves.....	252,286	341,812	89,526	26.19
Sheep.....	15,927	18,370	2,443	13.30
Hogs.....	100,884	122,036	21,152	17.33
Dressed Meats (Fresh).....	176,982	180,314	3,332	1.85
Dressed Meats (Cured, Salted, Canned).....	59,377	65,113	5,736	8.81
Other Packing House Products.....	85,828	89,334	3,506	3.92
Poultry.....	20,763	19,984	779	3.90
Eggs.....	36,147	31,661	4,486	14.17
Butter.....	70,167	60,256	9,911	16.45
Cheese.....	27,220	24,042	3,178	13.22
Wool.....	16,458	19,059	2,601	13.65
Hides and Leather.....	54,638	60,168	5,530	9.19
Other Animal Products.....	62,045	52,140	9,905	19.00
Total.....	1,008,372	1,129,486	121,114	10.72
MINE PRODUCTS:				
Anthracite Coal.....	1,497,884	1,524,881	26,997	1.77
Bituminous Coal.....	5,368,816	6,469,097	1,100,281	17.01
Lignite Coal.....	1,106,472	1,234,054	127,582	10.34
Coke.....	495,042	590,303	95,261	16.14
Iron Ores.....	3,928	5,781	1,853	32.05
Copper Ore and Concentrates.....	85,894	33,913	51,981	153.28
Other Ores and Concentrates.....	1,601,016	1,611,858	10,842	.67
Base Bullion, Matte, Pig and Ingot (Non-Ferrous Metals).....	433,004	402,418	30,586	7.60
Sand and Gravel.....	989,410	2,036,098	1,046,688	51.41
Stone (Crushed, Ground, Broken).....	1,159,994	1,567,903	407,909	26.02
Slate, Dimension or Block Stone.....	105,920	105,688	232	.22
Crude Petroleum.....	293,521	222,517	71,004	31.91
Asphalt (Natural, By-Product Petroleum).....	232,934	234,424	1,490	.64
Salt.....	302,774	312,748	9,974	3.19
Other Mine Products.....	589,346	765,132	175,786	22.97
Total.....	14,265,955	17,116,815	2,850,860	16.66

REVENUE TONNAGE BY COMMODITIES—Continued

	Year 1938	Year 1937	Increase or Decrease	
	Tons	Tons	Tons	Percents
FOREST PRODUCTS:				
Logs, Posts, Poles, Piling.....	382,379	426,490	44,111	10.34
Cordwood and Other Firewood.....	622,440	669,582	47,142	7.04
Ties.....	27,036	48,247	21,211	43.96
Pulpwood.....	1,916,084	1,916,734	650	.03
Lumber, Timber, Box, Crate and Cooperage Material.....	1,944,759	2,614,414	669,655	25.61
Other Forest Products.....	212,287	265,017	52,730	19.90
Total.....	5,104,985	5,940,484	835,499	14.06
MANUFACTURES AND MISCELLANEOUS:				
Gasoline.....	1,120,307	1,139,682	19,375	1.70
Petroleum Oils and Petroleum Products (except Asphalt and Gasoline).....	614,510	635,264	20,754	3.27
Sugar.....	197,352	260,988	63,636	24.38
Iron, Pig and Bloom.....	88,390	213,645	125,255	58.63
Rails and Fastenings.....	11,923	17,794	5,871	32.99
Iron and Steel (Bar, Sheet, Structural, Pipe).....	792,097	1,482,026	689,929	46.55
Castings, Machinery and Boilers.....	108,691	161,409	52,718	32.06
Cement.....	398,458	476,909	78,451	16.45
Brick and Artificial Stone.....	132,914	180,570	47,656	26.39
Lime and Plaster.....	233,435	249,792	16,357	6.55
Sewer Pipe and Drain Tile.....	21,907	27,180	5,273	19.40
Agricultural Implements and Vehicles other than Autos.....	111,492	146,119	34,627	23.70
Automobiles, Auto Trucks and Auto Parts.....	925,261	1,824,212	898,951	49.28
Household Goods and Settlers' Effects.....	17,919	39,519	21,600	54.66
Furniture.....	26,936	32,982	6,046	18.33
Beverages.....	160,506	177,407	16,901	9.53
Fertilizers, all kinds.....	400,977	395,615	5,362	1.36
Newsprint Paper.....	998,586	1,445,130	446,544	30.90
Other Paper.....	192,669	228,680	36,011	15.75
Paperboard, Pulpboard and Wallboard (Paper).....	189,702	280,650	90,948	32.41
Woodpulp.....	585,828	862,112	276,284	32.05
Fish (Fresh, Frozen, Cured, etc.).....	63,568	68,741	5,173	7.53
Canned Goods (All canned food products except meats).....	279,703	305,751	26,048	8.52
Other Manufactures and Miscellaneous.....	2,825,797	3,807,041	981,244	25.77
Merchandise (All L.C.L. Freight).....	1,332,932	1,483,561	150,629	10.15
Total.....	11,831,860	15,942,779	4,110,919	25.79
Grand Total.....	40,577,666	47,037,720	6,460,054	13.73

DETAILS OF RAILWAY EQUIPMENT

	December 31, 1937	Additions During Year	Retirements During Year	Conversions During Year Added	Retired	December 31, 1938
LOCOMOTIVES:						
Passenger—Freight.....	2,172	6	43			2,135
Switching.....	472		7			465
Electric Locomotives.....	15					15
Oil and Gas Electric.....	5	2				7
Total.....	2,664	8	50			2,622
FREIGHT EQUIPMENT:						
Box Cars.....	68,609	2,310	4,555	449	747	66,066
Flat Cars.....	5,210		202		83	4,925
Stock Cars.....	3,452		250	50		3,252
Coal Cars.....	13,307	25	174	1		13,159
Tank Cars.....	161		2			159
Refrigerator Cars.....	3,497		116			3,381
Caboose Cars.....	1,464		47			1,417
Other Cars in Freight Service.....	122		37			85
Total.....	95,822	2,335	5,383	500	830	92,444
PASSENGER EQUIPMENT:						
First Class Cars.....	869		4	27		892
Second Class Cars.....	146					146
Combination Cars.....	285	5	1			289
Immigrant Cars.....	231				35	196
Dining Cars.....	97	6	1		5	97
Parlor Cars.....	129				2	127
Sleeping Cars.....	309	1		3	3	310
Postal Cars.....	52					52
Baggage and Express Cars.....	778	61	1	15	12	841
Unit Cars.....	54					54
Others Cars in Passenger Service.....	112		1			111
Total.....	3,062	73	8	45	57	3,115
WORK EQUIPMENT:						
Business.....	66					66
All other Cars in Company's Service.....	6,002	37	300	346	4	6,081
Total.....	6,068	37	300	346	4	6,147
FLOATING EQUIPMENT:						
Car Ferries.....	11					11
Barges.....	5					5
Tugs.....	7					7
Work.....	3	1				4

STATISTICS OF RAIL-LINE OPERATION

TRANSPORTATION SERVICE

	Freight		Passenger		Total
	1938	1937	1938	1937	
TRAIN MILES:					
Locomotive Drawn.....	27,841,770	29,843,013	17,334,627	17,813,721	45,176,397
Motor Unit Cars.....	11,181	15,265	1,388,266	1,471,538	1,399,447
TOTAL.....	27,852,951	29,858,278	18,722,893	19,285,259	46,575,844
LOCOMOTIVE MILES:					
Principal.....	27,854,349	29,855,184	17,334,631	17,813,721	45,188,980
Helper.....	421,564	446,030	103,329	92,386	524,893
Light.....	471,995	528,865	271,183	276,716	743,178
Train Switching.....	2,687,647	2,945,486	62,716	63,680	2,750,363
Yard Switching.....	8,701,561	10,118,803	1,031,663	1,035,108	9,733,224
TOTAL.....	40,137,116	43,894,368	18,803,522	19,281,611	58,940,638

CAR MILES:					
Loaded Freight Cars.....	656,322,465	729,770,385	364,127	314,488	656,686,592
Empty Freight Cars.....	315,994,537	321,284,335	159,520	130,119	316,154,057
Passenger Coach and Combination Cars.....	8,611,725	9,425,849	43,488,562	44,746,106	52,100,287
Sleeping, Parlor and Observation Cars.....	1,031,849	1,045,044	34,886,193	36,551,553	35,918,042
Dining Cars.....	29,533	26,561	4,982,425	5,262,446	5,011,958
Other Cars.....	8,557,950	8,383,883	46,558,991	45,864,271	55,116,941
Motor Unit Cars.....	11,181	15,265	1,431,451	1,506,528	1,442,632
Caboose.....	26,157,428	28,282,006	278,132	276,243	26,435,560
TOTAL.....	1,016,716,668	1,098,233,328	132,149,401	134,651,754	1,148,806,069

WORK SERVICE

	Train Miles		Locomotive Miles		Car Miles
	1938	1937	1938	1937	
Locomotive Drawn.....	707,008	1,011,347	933,255	1,260,064	1,589,189
Motor Unit Cars.....	125	—	—	—	125
TOTAL.....	707,133	1,011,347	933,255	1,260,064	1,589,314

Locomotive Drawn.....	707,008	1,011,347	933,255	1,260,064	1,589,189
Motor Unit Cars.....	125	—	—	—	125
TOTAL.....	707,133	1,011,347	933,255	1,260,064	1,589,314

Locomotive Drawn.....	707,008	1,011,347	933,255	1,260,064	1,589,189
Motor Unit Cars.....	125	—	—	—	125
TOTAL.....	707,133	1,011,347	933,255	1,260,064	1,589,314

Locomotive Drawn.....	707,008	1,011,347	933,255	1,260,064	1,589,189
Motor Unit Cars.....	125	—	—	—	125
TOTAL.....	707,133	1,011,347	933,255	1,260,064	1,589,314

STATISTICS OF RAIL-LINE OPERATION

	1938	1937
Average mileage of road operated.....	23,683.77	23,707.17
TON-MILES—TRAIN-HOURS IN ROAD SERVICE:		
Gross ton-miles of cars, contents and cabooses.....	39,332,375,399	41,922,965,580
Net ton-miles of freight (revenue and non-revenue).....	16,064,687,143	16,992,725,238
Train hours in freight road service.....	1,684,246	1,840,929
REVENUE TRAFFIC:		
Tons of freight carried.....	40,577,666	47,037,720
Ton-miles—Revenue freight.....	14,505,234,204	15,165,051,267
Freight revenue.....	\$139,769,682	\$153,796,239
Passengers carried.....	10,289,000	10,888,476
Passenger-miles.....	891,594,706	953,460,137
Passenger revenue.....	\$ 18,096,849	\$ 18,944,767
AVERAGES:		
Miles per revenue ton.....	357.47	322.40
Miles per revenue passenger.....	86.66	87.57
Revenue per ton-mile.....	\$0.00964	\$0.01014
Revenue per passenger-mile.....	\$0.02030	\$0.01987
Revenue per ton.....	\$3.44450	\$3.26964
Revenue per passenger.....	\$1.75885	\$1.73989
AVERAGE PER MILE OF ROAD:		
Ton-miles—Revenue freight.....	609,720	636,718
Ton-miles—All freight.....	678,299	716,776
Passenger miles—Revenue.....	37,646	40,218
Gross Revenue.....	\$7,695	\$8,369
Gross Expenses (including Taxes, Equipment and Joint Facility Rents).....	\$7,785	\$7,968
Net Railway operating income.....	\$ 90	\$ 401

EMPLOYEES AND THEIR COMPENSATION

	1938	1937	Decrease	% Decrease
*Average Number of Employees.....	74,953	79,471	4,518	5.69
*Total Payroll.....	\$116,526,108	\$117,804,769	\$1,278,661	1.09

*Includes railway, express and telegraph employees.
Excludes hotel and subsidiary company employees.

DISTRIBUTION OF THE DOLLAR

	Operating Revenue Dollar 1938	1937	Operating Expense Dollar 1938	1937
Labour.....	.5919	.5459	.6123	.5990
Fuel.....	.0914	.0900	.0946	.0987
Other Expenses.....	.2834	.2753	.2931	.3023
Total Operating Expenses.....	.9667	.9112	\$1.00	\$1.00
Available for Taxes and other Accounts.....	.0333	.0888	—	—
Total.....	\$1.00	\$1.00	\$1.00	\$1.00
Maintenance of Way Accounts.....	.1854	.1776	.1918	.1949
Maintenance of Equipment Accounts.....	.2287	.2241	.2366	.2459
Traffic Accounts.....	.0282	.0251	.0291	.0276
Transportation Accounts.....	.4728	.4382	.4891	.4809
Miscellaneous Accounts.....	.0069	.0065	.0072	.0071
General Accounts.....	.0469	.0419	.0485	.0461
Transportation for Investment—Credit.....	.0022	.0022	.0023	.0025
Total Operating Expenses.....	.9667	.9112	\$1.00	\$1.00
Available for Taxes and other accounts.....	.0333	.0888	—	—
Total.....	\$1.00	\$1.00	\$1.00	\$1.00

OPERATED MILEAGE, DECEMBER 31, 1938

Territory	Mileage owned by Constituent Companies				Mileage of Lines under Lease or Contract				Mileage of Trackage Rights				Total Operated Road Mileage				Spurs Sidings and Yard Tracks
	1st Main Track	2nd Main Track	3rd Main Track	4th Main Track	1st Main Track	2nd Main Track	1st Main Track	2nd Main Track	3rd Main Track	4th & Other Main Track	1st Main Track	2nd Main Track	3rd Main Track	4th & Other Main Track	Miles	Miles	
Atlantic Region.....	Miles 3,012.61	Miles 45.92		Miles 9.82	Miles 6.41	Miles 9.31	Miles 82.95	Miles 25.17	Miles 2.13	Miles 4.10	Miles 3,101.97	Miles 45.92	Miles 18.04	Miles 13.92	Miles 801.41		
Central Region.....	7,327.30	713.86	15.91		337.32	9.31	31.22	23.07			7,695.84	748.34			2,526.77		
Western Region.....	11,095.80	89.58			383.65	4.29	56.24				11,535.69	116.94			2,549.36		
Grand Trunk Western Lines.....	905.67	363.18	10.62		60.06	0.03	61.40	6.33	1.36	0.99	1,027.13	369.51	11.98	0.99	817.33		
Central Vermont Lines	245.28	0.63			125.18		58.73	32.75			429.19	33.41			163.18		
*Total Mileage.....	22,586.66	1,213.17	26.53	9.82	912.62	13.63	290.54	87.32	3.49	5.09	23,789.82	1,314.12	30.02	14.91	6,858.05		
Lines in Canada.....	21,204.70	848.79	15.91	9.82	570.63	12.49	166.02	44.80	2.13	4.10	21,941.35	906.08	18.04	13.92	5,712.11		
Lines in United States..	1,381.96	364.38	10.62		341.99	1.14	124.52	42.52	1.36	0.99	1,848.47	408.04	11.98	0.99	1,145.94		

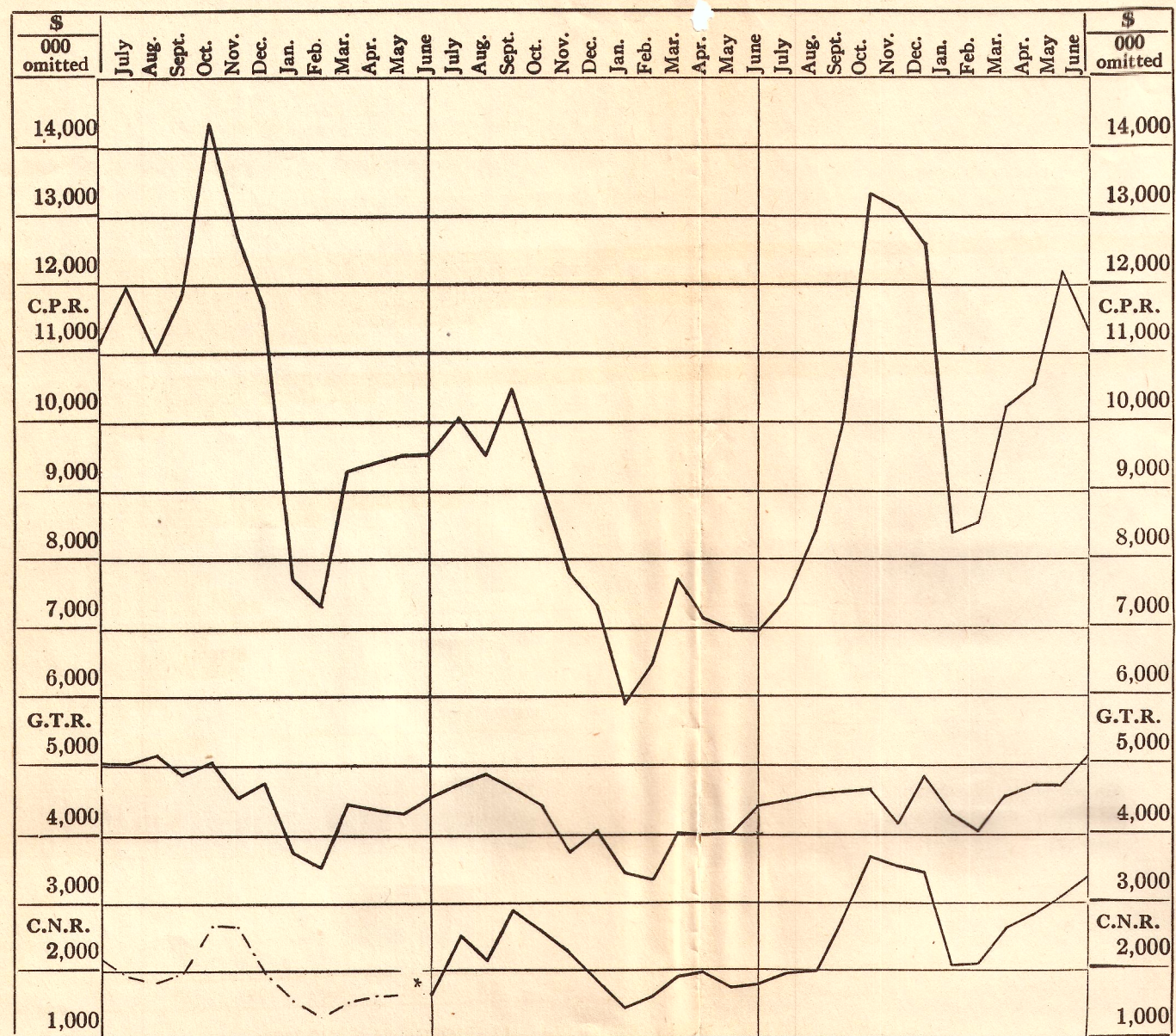
*Separately Operated Lines (Steam and Electric) not included.

GROSS EARNINGS OF CANADIAN RAILWAYS

1913-1914

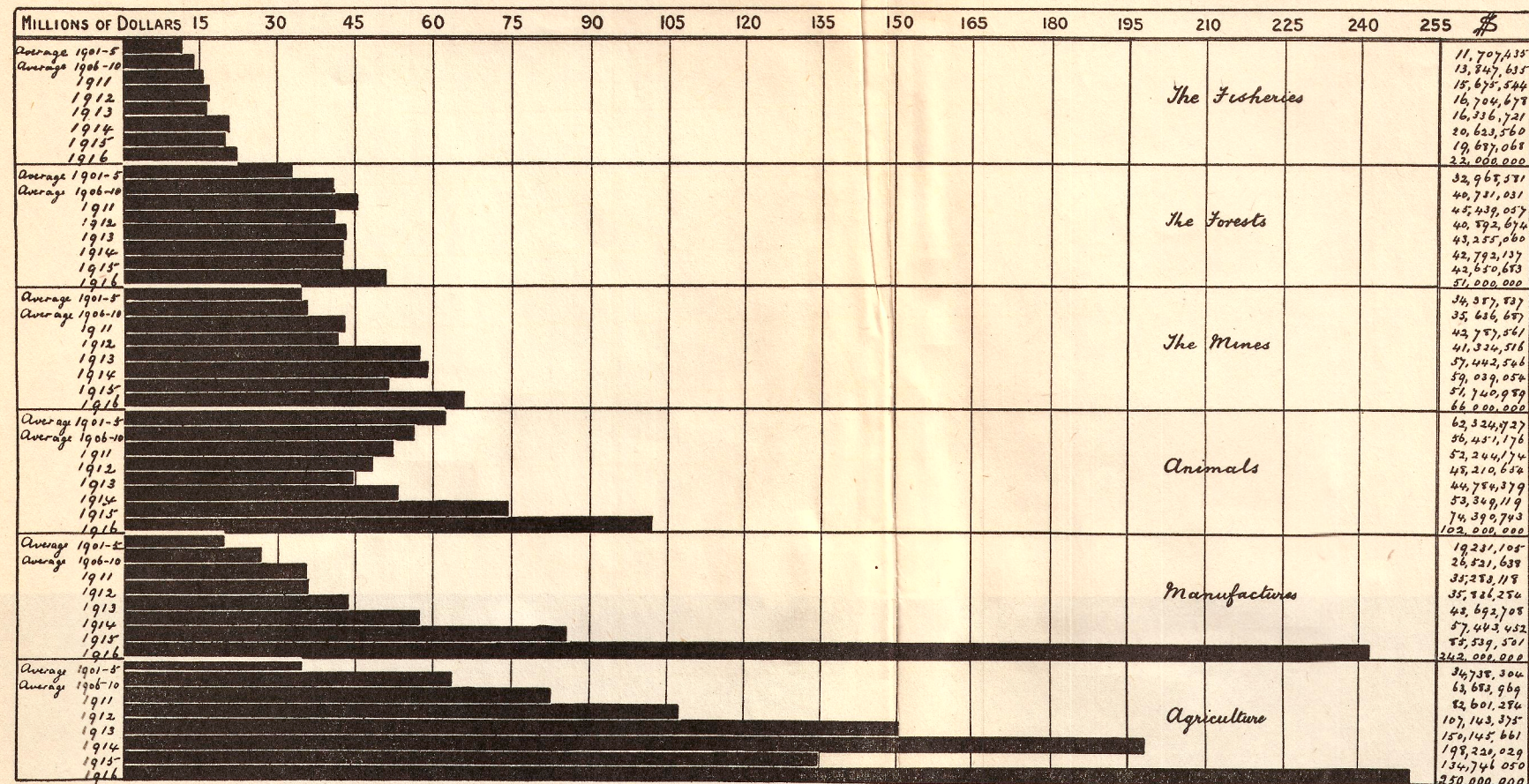
1914-1915

1915-1916



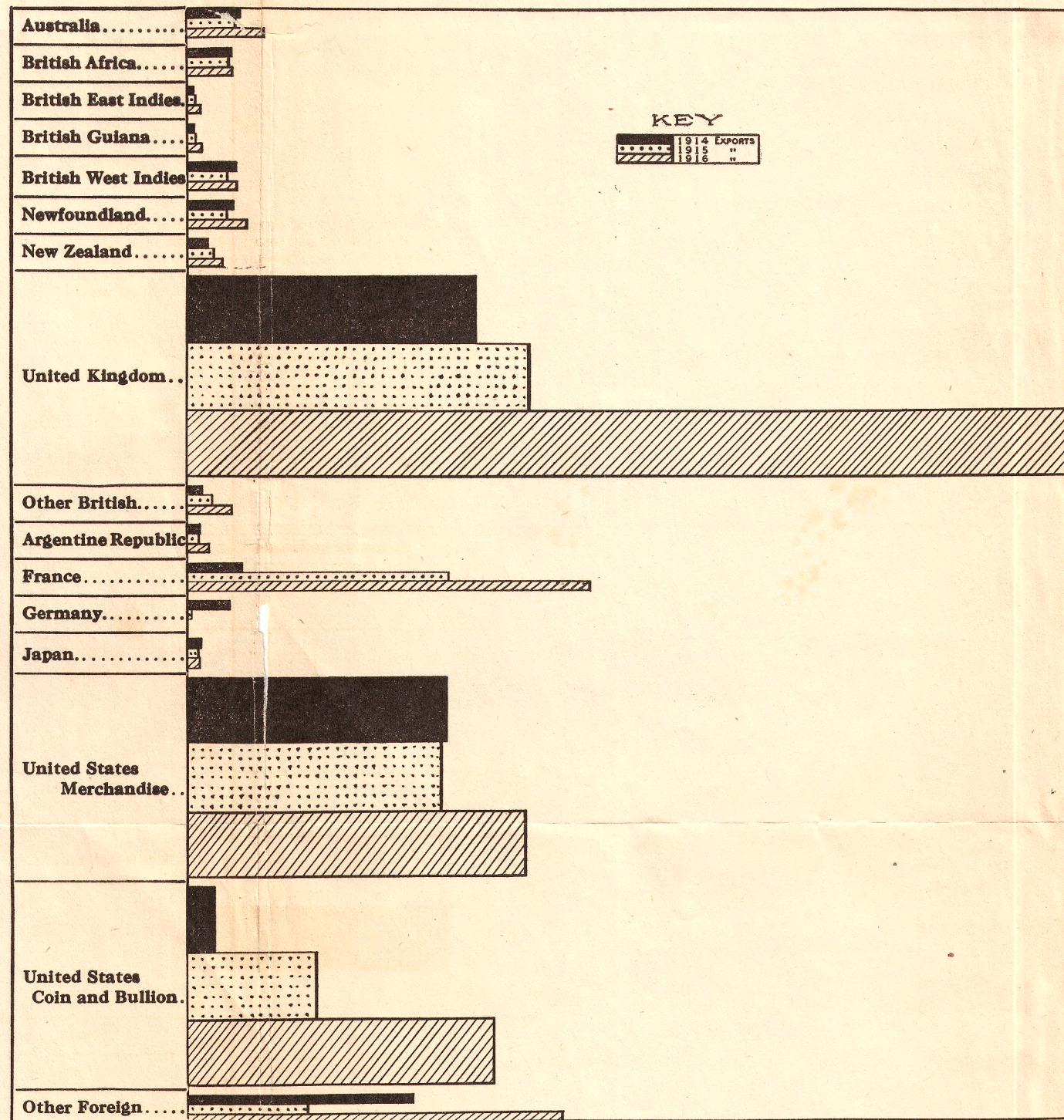
*Up to this date Canadian Northern Railway west of Port Arthur, subsequently Canadian Northern System.

EXPORTS OF DOMESTIC PRODUCE FROM CANADA, 1901-1916



EXPORTS FROM CANADA

For the twelve months ending August, 1914, 1915 and 1916



KEY

Exports	1914	1915	1916
Exports	1914	1915	1916

	1914	1915	1916		1914	1915	1916
Australia.....\$	5,675,842	\$ 5,234,659	\$ 8,255,242	Argentine Republic...	\$ 1,267,590	\$ 1,256,803	\$ 2,170,331
British Africa.....	4,814,015	4,682,805	4,895,390	France.....	5,772,422	27,136,345	42,023,926
British East Indies....	661,002	729,936	1,433,030	Germany.....	4,415,467	9,864	1,170,927
British Guiana.....	629,379	844,768	1,438,763	Japan.....	1,261,275	1,011,265	1,170,927
British West Indies....	5,075,849	4,346,551	5,071,336	United States			
Newfoundland.....	4,841,419	4,170,703	6,046,181	Merchandise.....	189,143,410	186,858,984	247,984,238
New Zealand.....	2,075,336	2,817,373	3,736,519	United States			
United Kingdom.....	218,254,968	251,021,871	646,504,836	Coin and Bullion..	19,890,193	94,705,428	225,467,818
Other British.....	1,664,773	2,510,318	4,648,271	Other Foreign.....	23,200,651	12,311,481	39,068,039

NOTE: Owing to the great difference between the amounts of the exports to different countries it has been found necessary in the diagram to increase the width in the case of the United Kingdom and the United States, but in every case the area remains proportionate to the amount of the exports.

Exports of coin and bullion to the United States are shown separately, because during the earlier part of the war they represent the return of gold imported from the United States during the prevalence of abnormally high rates for sterling exchange, and since then they consist of gold produced in other countries and in transit through Canada.

